

Research on Risks of International Energy Cooperation Projects in the Context of the Belt and Road Initiative

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Abstract

The “Belt and Road” initiative has brought new opportunities for the development of countries and regions along the route. Energy projects are undoubtedly the key projects of cooperation among countries. However, due to the complexity of the situation in the partner countries and the characteristics of energy projects, many energy cooperation projects exist. Risks. This article analyzes the risks in the cooperation process of international energy projects, such as political risks, legal risks, and environmental risks. Furthermore, in order to effectively ensure the smooth and efficient implementation of international energy cooperation projects under the background of the “Belt and Road”, measures have been proposed to strengthen all-round communication among governments, establish and improve legal systems, increase personnel protection, and improve the environmental protection standards of energy project partner countries.

Keywords

One Belt One Road, Energy, Risk.

1. Introduction

The “Belt and Road” initiative promotes cooperation among countries and regions along the route, and brings new opportunities to the economic development of countries and regions. The countries and regions along the “Belt and Road” are rich in energy reserves, but the infrastructure and technical equipment are poor. Energy cooperation projects can complement each other and give play to the biggest advantages of countries and regions. Therefore, transnational energy cooperation projects are the initiative of the “Belt and Road” initiative. Important cooperation projects are also the key directions and areas of strategic cooperation among the countries along the route. The advantages of energy cooperation projects not only can obtain energy, but also promote the interconnection of infrastructure between countries and regions, enrich transportation routes, and maintain sustainable development of multilateral relations. However, the countries along the “Belt and Road” have problems such as complex political environments, imbalanced economic development, etc., and multinational energy projects are large in scale, long in cycle, and risky. Once cooperation fails, countries will suffer serious losses. Finding out the possible risks of transnational energy cooperation projects, reducing and avoiding risks, and ensuring the safe operation of energy cooperation projects are the keys to the success of transnational energy cooperation projects.

2. Risk

2.1 Political risk

The Belt and Road Initiative involves more than 60 countries and regions, and the political situation of participating countries and regions is complicated. In particular, some countries and regions with

unstable political situations will experience security issues such as terrorism and extremism. In the context of different political systems, participating countries are prone to frictions and disputes and some unfair treatment of developing countries in the process of project cooperation. And energy projects have the characteristics of large scale and long cycle, especially the scale and cycle of multinational projects will increase. Under long-term energy project cooperation, it is likely that due to changes in government, policy changes, political instability, and political turmoil in a country, the cost of cooperation will increase, and even the project will go bankrupt. At the same time, cross-border energy project cooperation, feasibility studies on projects and approval of construction permits from participating countries will increase the construction cycle, thereby increasing the cost of energy projects and exacerbating cooperation risks.

2.2 Legal risks

There are many “Belt and Road” energy cooperation countries and regions, the legal systems and legal systems are quite different, the legal issues involved in cross-border energy projects are more complicated, and the existing legal frameworks for energy cooperation projects in various countries are not standardized and well developed. The legal framework for energy cooperation in China is a huge project, so the risks arising from legal issues in transnational energy cooperation projects are also difficult to estimate. In addition, in terms of energy international cooperation projects, energy companies in various countries lack experience in international cooperation, lack of operational experience in cross-border energy project business operations, asset mergers and acquisitions, and lack of professional legal personnel with relevant experience and capabilities, increasing the number of energy cooperation projects. Risks limit the market for international cooperation in the “Belt and Road” energy.

2.3 Environmental risks

With the development of the economy, human beings attach more and more importance to sustainable development. Countries and regions have gradually paid more attention to the environmental protection of energy projects. However, during the mining process, traditional energy projects, such as oil and natural gas, are easy to extract. Will cause environmental pollution. Countries and regions along the “Belt and Road” must take into account the environmental protection policies of the countries or regions where traditional energy projects are located when developing energy cooperation projects. The environmental protection risks of international energy cooperation projects will be more complicated. , Will increase production costs, and the environmental requirements of different countries will increase the complexity of cost calculations. If the environmental requirements of the country where the energy is located do not meet, international energy projects are likely to be suspended, affecting the construction period. These environmental risks will increase the cost of the entire project, thereby increasing the risk of project bankruptcy.

3. Measures

3.1 Strengthen all-round communication among governments

The countries and regions along the “Belt and Road” have different economic conditions and different development approaches. The best way to solve the possible political risks of transnational energy projects is to strengthen policy exchanges among governments, find common interests in energy development among countries, and strengthen energy. Joint consultation in key areas of cooperation projects, and good planning and docking work. Specifically, on the one hand, governments can improve energy cooperation and investment agreements of participating countries through multilateral energy conferences; on the other hand, they can set up project management committees to supervise the construction of energy cooperation projects, and also for international energy cooperation projects. Provides guidance and decision-making on risk division, dispute resolution mechanisms, and income distribution. In the communication process, the governments of countries and regions along the “Belt and Road” have strengthened the co-ordination and coordination of

energy project cooperation policies of various parties, and also created a high-quality environment for multinational enterprises to invest in the local area. Governments of participating countries in energy projects should strive to optimize existing cooperation mechanisms and resolve existing problems through exchanges and policy coordination to facilitate the better development of energy cooperation projects and reduce risks.

3.2 Establish and improve the legal system and increase talent protection

Due to certain differences in the legal provisions related to energy cooperation among countries and regions along the “Belt and Road”, each participating country in a multinational energy project must improve the relevant legal system, including not only domestic legislation, but also international cooperation legislation, refine legal provisions, and establish international The domestic dispute settlement mechanism laws and regulations provide a good cooperation environment for international energy cooperation projects. Countries and regions along the “Belt and Road” participating in energy cooperation projects should form alliances, discuss and build together, and safeguard legal rights and interests, and formulate unified legal systems and feasible measures in terms of income distribution, risk distribution, and dispute settlement negotiations. It also strengthens the protection of talents. The national conditions along the “Belt and Road” are complicated, and the languages and cultures of different countries are very different. The required talents are not only legal talents related to transnational energy projects, but also need to understand the national system, economic environment, language fields, etc. A large number of talents in management and technical fields are also needed in the project promotion. This requires countries in the education field to attach importance to the training and training of multinational project talents, establish a comprehensive joint training system, and provide sufficient human resources for countries and regions along the “Belt and Road” to carry out transnational projects.

3.3 Improve the docking of environmental protection standards in energy project partner countries

The environmental standards of the countries and regions along the “Belt and Road” mostly adopt international standards, but the international standards recognized by the countries are not uniform. In view of the risks brought by the different environmental standards of multinational energy projects, governments of various countries should improve the integration of environmental standards. Not only to jointly discuss the environmental protection standards of energy cooperation projects, but also to hire professional environmental consultants to conduct on-site inspections in the project country or region. The environmental requirements of the project construction are higher than the environmental requirements of the project country or region. Supervise the construction process to prevent unnecessary pollution caused by the project construction. Through communication and cooperation, a set of universal standard systems for energy cooperation projects in countries and regions along the “Belt and Road” can be established to facilitate long-term cooperation. In addition, the countries along the “Belt and Road” are rich in traditional energy sources and new energy sources. International energy cooperation projects can consider the cooperation of new energy projects when selecting projects. Wind energy, solar energy, water energy, and biofuels are clean energy sources. These new energy sources can be projects of international energy cooperation. New energy sources achieve sustainable use of energy on the basis of protecting the environment, which can meet the demand for energy use and protect the ecological environment. In the process of use, the advantages of traditional energy sources are prominent.

4. Conclusion

The “Belt and Road” energy cooperation projects have a lot of challenges and risks for participating countries and regions along the route, but they have also played a positive role in the process of risk management and resolution, such as improving the model of political cooperation and opening up new energy markets. Improve laws and regulations, increase the training of comprehensive talents, and promote multilateral cooperation. Facing more political, legal, and environmental risks in the

future, countries and regions along the “Belt and Road” need to continuously improve their cooperation models to cope with new risks, so as to promote the smooth development of transnational energy cooperation projects and provide guarantees for the economic development of countries.

Acknowledgments

This paper is a phased research result of a project from “Campus Cultivating Projects Funding Plan” of Heilongjiang Bayi Agricultural University (Project Title: Research on the impact of deepening energy supply-side reform on the development of circular economy in Heilongjiang Province, Project Number: XRW2017-05). I would like to thank all the supporters, colleagues and friends from Heilongjiang Bayi Agricultural University.

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